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SENATE BILL 2977 By  
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HOUSE BILL 3089  
By Garrett

AN ACT to amend Tennessee Code Annotated, Title 68, relative to environmental mandates on local government.

WHEREAS, the Constitution of the State of Tennessee, Article II, Section 24, prohibits unfunded mandates on local governments by providing that "[n]o law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost"; and

WHEREAS, the General Assembly, by passage in 1979 of T.C.A. §9-4-5301, deemed state-shared taxes flowing from the state to cities and counties as the funding vehicle for state mandates; and

WHEREAS, state-shared taxes are generated in local communities, collected by the state, and a portion is returned to the cities and counties for local community needs; and

WHEREAS, there are a number of public policy reasons for local governments to receive state-shared taxes, including that the current system of tax sharing continues the state and local government fiscal partnership; minimizes the burden on the local property tax; maximizes efficiency in taxation; and ensures that local governments have the ability to comply with state

mandates and to provide much needed local services such as public safety, education, transportation, and parks and recreation; and

WHEREAS, municipalities across Tennessee depend upon not only state-shared taxes but the growth of such taxes to ensure adequate revenue is available to keep pace with the rising cost of providing essential services and the need for improved services; and

WHEREAS, the General Assembly has stated its intent in the general appropriations act to freeze the growth of state-shared taxes as of June 30, 2002; and

WHEREAS, freezing or cutting state-shared taxes would devastate local governments, forcing massive service cuts or local property tax increase to offset the losses as well as funding mandates imposed upon local governments by the state; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 68, Chapter 203, is amended by deleting the chapter in its entirety.

SECTION 2 This act shall take effect July 1, 2002, the public welfare requiring it.